

An analysis of our growth, by Alice

Alice Bebbington has been lobby receptionist at K mart International Headquarters for the past 12 or 13 years. Everyone must get a pass from Alice before they see anyone in the building—no one gets by her. All outside visitors, thus, are filtered by Alice. She's a wiry blend of brute and beauty in a 98-pound frame.

"Our volume has increased so much since I started," she stresses, shaking her head. "we've had to change the type of pass we hand out. We're at least twice as busy as we were in the old building," she says,

comparing the Detroit Office to KIH, only six years old.

"Tuesday was our biggest day last week. Let's see . . . we had 253 passes written."

She's an accurate reader of the corporate pulse. She's seen changes in her job which reflect the complicated changes made in the K mart Corporation since the first K mart store opened in 1962.

Data processing

"Well, you know, we have so many more departments now," Alice points

out. "I see an awful lot of people come in on the data processing function."

Bob Brewer, senior vice president of accounting and corporate information systems, acknowledges the changes in his area.

"Two big differences between 1962 and 1977 are volume and complexity," he said in a recent interview. "Properly accounting for nearly \$10 billion in sales is a monumental task. By the time the 1977 books are closed for the parent company alone, close to 40 million individual accounting entries will be made."

Although the workload has grown and the number of people required to do the job has increased, the department, as the entire company, has stayed lean. Mr. Brewer explained that while the sales have increased 20-fold, the number of KIH people in the accounting, tax and data processing departments has gone up only about four-fold.

The increased use of computers has helped keep the workload manageable. And personnel changes have kept pace with new conditions.

"Many of the recent changes in assignments and several new titles reflect our efforts to meet these new challenges," Mr. Brewer said. It is part of an evolutionary process, he indicates, which is expected to continue as the company continues to grow.

Real estate

Real estate is another area in which Alice notes more traffic. "It's the land developers I see," she says. "The store opening program is such a big thing."

"Certainly it's true that K mart is the largest user, builder and renter of retail space in the last decade," says John P. Johnson, vice president of real estate. "As we gain more prime locations, it becomes harder to find new locations. Our main competition for good sites presently seems to be the regional discount chains that operate 30 or 40 stores," he mentions.

Growth in this area can be seen by comparing the department's letter-head in 1962 to today's. In '62, 10 names appear; in '77, 14. Not a great change, it seems, but remember the 1973 regional assignments. In all regions but Central, real estate representatives now share office buildings with K mart Corporation Regional Offices.

Imports

The import department shows many new faces and new offices since the start of the K mart program, yet their growth has also been controlled in a conservative manner.

"Import has always had quite a



Alice Bebbington, on the job in the International Headquarters lobby.

few visitors," Alice observes. "They have a bit more than when I started on this job, but not really a lot more."

"The reason Alice wouldn't notice a great increase is that we established overseas offices in the early '70s," says Bob Otto, director of import merchandising. "Also, we communicate daily by the telex, a sort of telegram, from which we get pretzels every morning from all overseas offices. This morning the machine had 14 feet of messages."

Suppliers, manufacturers and other visitors, then, deal directly with their local office in the Far East or Europe. The import department at KIH, in turn, works with the foreign offices through the telex.

"Our business has increased substantially since the K mart program began," Mr. Otto continues. "In 1962, the import department was contained in five small offices in the Detroit building. Today, we have our large Troy staff and the foreign offices, plus various agents who represent us in Brazil and Eastern Europe. We are a service department and must make certain we constantly keep this in mind."

"The last three years, especially, we have seen expansion in our area. With the new store opening program being particularly heavy, and the buyers being able to find more merchandise overseas, we've really had to work hard!"

"The whole thing has just really grown," Alice summarizes. "I can't imagine what it will be like when KEI gets here."

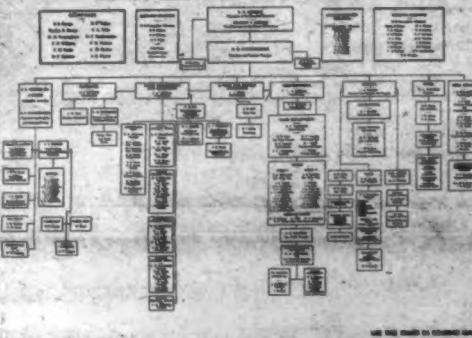
When the expansion of KIH is completed next year (*K line*, March 1978) the automotive and sporting goods departments will move into the headquarters building. K mart Enterprise, Inc., as a subsidiary handling these two divisions, will add to lobby traffic considerably. (See story, p. 2.)

One thing has remained constant through all this, Alice recognises. "People have always come from all over. We've always had national and international visitors. It really makes this job interesting! But I couldn't do it without the great cooperation I get from the people here."

To be continued next month

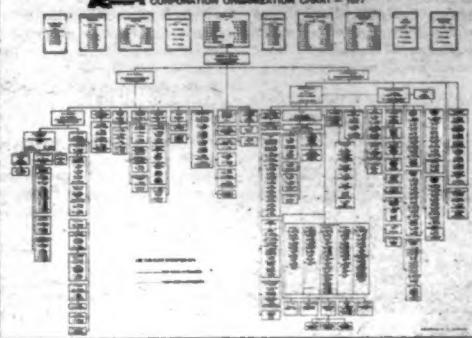
You can't read them, but they prove a point

1962 - U. S. MARS CORPORATION ORGANIZATION CHART - 1962



See page 10 for detailed chart

1977 - K. MARS CORPORATION ORGANIZATION CHART - 1977



You might look at the organizational charts above as the chessboard of a leader.

The point is, the K mart Corporation is a dynamic company, reflecting our position as the fastest growing mass merchandiser in the United States. Our increased organizational complexity since the first K mart opened in 1962 is apparent (and the 1977 chart, above, is greatly out of date this year.)

A bit of thought proves that what can be seen in all this is not just store growth. It's advance planning.

For the doomsayers who say K mart can't keep its momentum — watch the chessboard. What it provides is management . . . to control and supervise the maturing of a leader.